



GAIL FARBER, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE
REFER TO FILE: PD-3

March 17, 2009

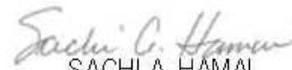
The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

24 MARCH 17, 2009


SACHI A. HAMAI
EXECUTIVE OFFICER

**COUNTY OF LOS ANGELES
IMPROVEMENT DISTRICT NO. 2658-M-SAN PASQUAL SEWERS
STATE REVOLVING FUND LOAN AGREEMENT-1ST AMENDMENT
UNINCORPORATED AREA OF EAST PASADENA
(SUPERVISORIAL DISTRICT 5)
(3 VOTES)**

SUBJECT

This action is to authorize the Director of Public Works to approve the 1st Amendment to the State Revolving Fund Loan Agreement No. 99-807-550-0 with the State of California Water Resources Control Board for County of Los Angeles Improvement District No. 2658-M-San Pasqual Sewers.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director of Public Works or her designee to execute the 1st Amendment to State Revolving Fund Loan Agreement No. 99-807-550-0 with the State of California Water Resources Control Board for County of Los Angeles Improvement District No. 2658-M-San Pasqual Sewers, allowing the State Water Resources Control Board to fund the administration charges from a one percent loan service fee, effective upon execution of the 1st Amendment by both parties through the term of the loan.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The 1st Amendment (Attachment 1) to State Revolving Fund Loan Agreement No. 9-807-550-0 (Attachment 2) is necessary to change the interest rate in the original agreement from 2.8 percent per annum to an interest rate of 1.8 percent plus a loan service fee of 1 percent, for a total of 2.8 percent per annum. The one percent loan service fee will allow the State Water Resources Control Board (SWRCB) to fund administration charges related to the State Revolving Fund, as authorized by Assembly Bill 1742, chaptered on October 12, 2007. The delegated authority will allow the Director of Public Works or her designee to execute the 1st Amendment.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we provide Service Excellence (Goal 1) and Fiscal Responsibility (Goal 4). This action will provide continued administration fees to the State Revolving Fund, and will allow SWRCB to make available low interest loans to fund qualified water quality improvement projects, thereby improving the quality of life in the County of Los Angeles.

FISCAL IMPACT/FINANCING

There is no impact to the General Fund as a result of this action.

The repayment of the State Revolving Fund loan is funded by annual assessments levied on the property owners within the County of Los Angeles Improvement District No. 2658-M—San Pasqual Sewers project area. The total loan interest and fees will remain at 2.8 percent per annum and will not affect the annual assessments of the property owners.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On April 27, 1999, your Board approved formation of the Assessment District County of Los Angeles Improvement District No. 2658-M for the construction of sanitary sewers on San Pasqual Street and other surrounding streets in the unincorporated area of east Pasadena for an estimated \$6,500,000.

On March 7, 2000, your Board approved State Revolving Fund Loan Agreement No. 9-807-550-0 with the State of California Water Resources Control Board to secure a low interest \$4,579,287 loan for financing the construction and subsequent assessments for the San Pasqual Sewers project. The 1st Amendment provides for a

The Honorable Board of Supervisors
March 17, 2009
Page 3

change of interest rate and imposition for a loan service fee, with no net effect on the cost of the loan.

The 1st Amendment to the State Revolving Fund Loan Agreement No. 9-807-550-0 will be approved as to form by County Counsel prior to execution by the Director of Public Works or her designee.

ENVIRONMENTAL DOCUMENTATION

In accordance with Section 15378(b)(4) of the California Environmental Quality Act Guidelines (CEQA), the proposed action does not constitute a project and therefore is not subject to the requirements of CEQA. This exception provides for government fiscal activities, which do not result in a physical impact on the environment.

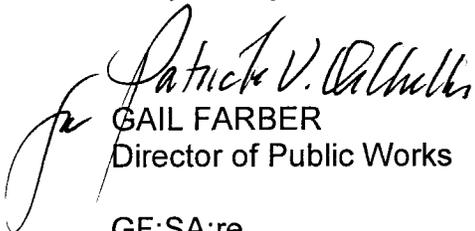
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The loan service fee will provide an essential source of revenue for the SWRBC to fund the administration of the Clean Water State Revolving Fund. There will be no impact to existing County of Los Angeles services.

CONCLUSION

Upon approval, please return an adopted copy of this letter to the Department of Public Works, Programs Development Division.

Respectfully submitted,


GAIL FARBER
Director of Public Works

GF:SA:re

Attachments (2)

c: Chief Executive Office (Lari Sheehan)
County Counsel
Treasurer and Tax Collector



State Water Resources Control Board



Ida S. Adams,
Director
California Environmental
Protection Agency

Division of Administrative Services
1001 I Street • Sacramento, California 95814 • (916) 341-5057
Mailing Address: P.O. Box 100 • Sacramento, California • 95812-0100
Fax (916) 341-5048 • <http://www.waterboards.ca.gov>

Arnold Schwarzenegger
Governor

January 27, 2009

Mr. Patrick DeChellis
Assistant Director of Public Works
County of Los Angeles
900 S. Fremont Avenue
Los Angeles, CA 91803

Agreement Number: **99-807-550-1**; Project Number: **C-06-4679-110**

This Agreement cannot be considered binding on either party until approved by the appropriate state agencies. The State is not obligated to make any payments for services performed prior to final approval of any Agreement.

Please complete and return the item(s) listed below:

- Standard Agreement (STD 213A) and exhibits. Please sign two (2) STD 213As and return BOTH originals for further processing. A complete set with original signatures will be returned to you when fully executed.
- For Public Agencies, a Resolution by the governing body authorizing the execution of the Agreement and any amendments thereto is required for this Agreement. Please indicate the authorized representative by title.
- Payee Data Record (STD 204). No payment can be made unless this form is complete and returned.
- Contractor Certification Clauses (CCC). Please sign and return the first page of the CCC (enclosed). The CCC contains conditions that are required when doing business with the State of California.
- A copy of your insurance certification which states coverage will not be canceled without 30 days written notice to the State of California, and also that "The State of California, its officers, agents, and employees are named as additional insured, but only insofar as operations under this agreement are concerned".

The General Terms and Conditions (GTC 307) are available at www.ols.dgs.ca.gov/standard+language and may be downloaded and printed for your files. If you do not have internet capabilities, you may request a hard copy by contacting Ms. Eva Kawada at (916) 341-5715.

Return two (2) signed original STD 213As to:

US Mail

Overnight Mail

Ms. Eva Kawada
Payments Analyst
State Water Resources Control Board
Division of Financial Assistance
P.O. Box 944212
Sacramento, CA 94244

Ms. Eva Kawada
Payments Analyst
State Water Resources Control Board
Division of Financial Assistance
1001 I Street, 17th Floor
Sacramento, CA 95814

Expeditious handling of this Agreement is appreciated. For inquiries regarding this Agreement, please contact Ms. Kawada at the above number.

Enclosures

STANDARD AGREEMENT AMENDMENT

STD. 213 A (Rev 2/05)

 CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 3 Pages

AGREEMENT NUMBER

99-807-550-0

AMENDMENT NUMBER

1DGS REGISTRATION
NUMBER:

1. This Agreement is entered into between the State Agency and Contractor named below:

STATE AGENCY'S NAME

State Water Resources Control Board

CONTRACTOR'S NAME

County of Los Angeles

2. The term of this

Agreement is November 10, 1999 through November 9, 2019

3. The maximum amount of this \$ 4,579,287.00

Agreement after this amendment is: Four million five hundred seventy-nine thousand two hundred eighty-seven dollars and no cents

4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

Changes made in this amendment are shown as: Text additions are displayed in bold and underline. Text deletions are displayed as strike through text (i.e., ~~Strike~~).

Section 5. Interest Rate (replace this Section with the amended language)

Section 23. Purchase and Sale of Project (add this Section)

Exhibit F - SRF Repayment Schedule (Repayment Schedule amended to include Service Charge)

Every instance of the term "loan" or "loan contract" is hereby replaced with "financing agreement".

All other terms and conditions shall remain the same.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.)

County of Los Angeles

BY (Authorized Signature)



DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Patrick DeChellis, Deputy Director of Public Works

ADDRESS 900 S. Fremont Avenue

Alhambra, CA 91803

STATE OF CALIFORNIA

AGENCY NAME

State Water Resources Control Board

BY (Authorized Signature)



DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Barbara L. Evoy, Deputy Director, Division of Financial Assistance

ADDRESS

1001 I Street, Sacramento, CA 95814

*California Department of General
Services Use Only*Approved as to form by the
Office of Chief Counsel

Date:

Initials

 Exempt per:

STANDARD AGREEMENT AMENDMENT

STD. 213 A (Rev 2/05)

 CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 3 Pages

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IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		California Department of General Services Use Only Approved as to form by the Office of Chief Counsel Date: Initials
CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.) County of Los Angeles		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING Patrick DeChellis, Deputy Director of Public Works		
ADDRESS 900 S. Fremont Avenue Alhambra, CA 91803		
STATE OF CALIFORNIA		
AGENCY NAME State Water Resources Control Board		<input type="checkbox"/> Exempt per:
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING Barbara L. Evoy, Deputy Director, Division of Financial Assistance		
ADDRESS 1001 I Street, Sacramento, CA 95814		

SECTION 5. INTEREST RATE is amended to read as follows:

SECTION 5. INTEREST RATE OF SRF AGREEMENT AND SERVICE CHARGE

The Agency agrees to repay the Funds in Installment Payments at an interest rate of **one and eight tenths percent (1.8%)** per annum. The Agency also agrees to pay a Service Charge at the rate of one percent (1%) per annum. The Agency agrees that it shall not be entitled to interest earned on undisbursed Funds. The combined rate on these Charges shall be **two and eight tenths percent (2.8%)** per annum. This combined rate is based on the sale of State General Obligation Bonds held on December 1, 1999 and is set when the Agreement is certified to the Agency.

Add the following Section:

SECTION 23. PURCHASE AND SALE OF PROJECT

The Recipient hereby sells to the State Water Board and the State Water Board hereby purchases from the Recipient the Project. Simultaneously therewith, the Recipient hereby purchases from the State Water Board, and the State Water Board hereby sells to the Recipient, the Project in accordance with the provisions of this Agreement. All right, title and interest in the Project shall immediately vest in the Recipient on the date of execution and delivery of this Agreement without further action on the part of the Recipient or the State Water Board.

EXHIBIT F. The Loan Repayment Schedule is amended to read as follows:

EXHIBIT F. SRF Repayment Schedule

See the attached SRF Repayment Schedule dated January 20, 2009.

Every instance of the term "loan" or "loan contract" is hereby replaced with "financing agreement".

State of California - State Water Resources Control Board
 State Revolving Fund Loan Repayment Schedule

Date: 1/21/2009
 Loan Amount: 4,579,287
 Interest rate: 1.800%
 Service charge rate: 1.000%
 Term: 20 Years

Recipient: Los Angeles, County of
 Loan No.: C-06-4679-110
 Contract No.: 99807-550-0

Date	Disbursement/ Repayment No.	Beginning Balance	Draw Amount	Construction Period Interest (CPI)		Principal Paid/Due	Interest Paid/Due	Service Charge Paid/Due	Total Repayment	Ending Balance
				Amount Accrued	Amt. Trans. to Principal					
11-Aug-2000	Disbursement	1	0.00	450,268.00	0.00					450,268.00
8-Sep-2000	Disbursement	2	450,268.00	187,053.00	945.56					637,321.00
12-Oct-2000	Disbursement	3	637,321.00	358,403.00	1,685.36					995,724.00
29-Nov-2000	Disbursement	4	995,724.00	272,804.00	3,639.92					1,268,528.00
20-Dec-2000	Disbursement	5	1,268,528.00	374,623.00	2,071.93					1,643,151.00
14-Feb-2001	Disbursement	6	1,643,151.00	213,211.00	6,901.23					1,856,362.00
2-Mar-2001	Disbursement	7	1,856,362.00	232,356.00	2,598.91					2,088,718.00
3-Apr-2001	Disbursement	8	2,088,718.00	216,988.00	5,036.13					2,305,706.00
25-Apr-2001	Disbursement	9	2,305,706.00	245,846.00	3,945.32					2,551,552.00
17-May-2001	Disbursement	10	2,551,552.00	503,975.00	4,365.99					3,055,527.00
1-Jun-2001	Const. Compl.			3,327.13	34,517.48					
1-Jun-2001	Disbursement	11	3,090,044.48	117,293.00	2,403.37					3,207,337.48
30-Jun-2001	End FY				4,739.73					
2-Jul-2001	Disbursement	12	3,207,337.48	672,135.00	498.92					3,879,472.48
8-Aug-2001	Disbursement	13	3,879,472.48	423,614.00	10,862.52					4,303,086.48
18-Jan-2002	Disbursement	14	4,303,086.48	310,718.00	53,549.52					4,613,804.48
1-Jun-2002	Repayment	1	4,613,804.48		47,727.24	184,029.17	119,781.31	0.00	303,810.48	4,429,775.31
1-Jun-2003	Repayment	2	4,429,775.31		124,033.71	179,776.77	124,033.71	0.00	303,810.48	4,249,998.54
19-Sep-2003	Repayment	Adj1	4,249,998.54		118,999.96	87,000.00	0.00	0.00	87,000.00	4,162,998.54
1-Jun-2004	Repayment	3	4,162,998.54		116,563.96	187,246.52	116,563.96	0.00	303,810.48	3,975,752.02
1-Jun-2005	Repayment	4	3,975,752.02		111,321.06	192,489.42	111,321.06	0.00	303,810.48	3,783,262.60
1-Jun-2006	Repayment	5	3,783,262.60		105,931.35	197,879.13	105,931.35	0.00	303,810.48	3,585,383.47
1-Jun-2007	Repayment	6	3,585,383.47		100,390.74	203,419.74	100,390.74	0.00	303,810.48	3,381,963.73
1-Jun-2008	Repayment	7	3,381,963.73		94,694.98	209,115.50	94,694.98	0.00	303,810.48	3,172,848.23
1-Jun-2009	Repayment	8	3,172,848.23		57,111.27	208,751.54	57,111.27	31,728.48	297,591.29	2,964,096.69
1-Jun-2010	Repayment	9	2,964,096.69		53,353.74	214,596.58	53,353.74	29,640.97	297,591.29	2,749,500.11
1-Jun-2011	Repayment	10	2,749,500.11		49,491.00	220,605.29	49,491.00	27,495.00	297,591.29	2,528,894.82
1-Jun-2012	Repayment	11	2,528,894.82		45,520.11	226,782.23	45,520.11	25,288.95	297,591.29	2,302,112.59
1-Jun-2013	Repayment	12	2,302,112.59		41,438.03	233,132.13	41,438.03	23,021.13	297,591.29	2,088,980.46
1-Jun-2014	Repayment	13	2,088,980.46		37,241.65	239,669.84	37,241.65	20,689.80	297,591.29	1,829,320.62
1-Jun-2015	Repayment	14	1,829,320.62		32,927.77	246,370.31	32,927.77	18,293.21	297,591.29	1,582,950.31
1-Jun-2016	Repayment	15	1,582,950.31		28,493.11	253,268.68	28,493.11	15,829.50	297,591.29	1,329,681.63
1-Jun-2017	Repayment	16	1,329,681.63		23,934.27	260,360.20	23,934.27	13,286.82	297,591.29	1,069,321.43
1-Jun-2018	Repayment	17	1,069,321.43		19,247.79	267,650.29	19,247.79	10,693.21	297,591.29	801,671.44
1-Jun-2019	Repayment	18	801,671.44		14,430.08	275,144.50	14,430.08	8,016.71	297,591.29	526,526.64

State of California - State Water Resources Control Board
 State Revolving Fund Loan Repayment Schedule

Date: 1/21/2009
 Loan Amount: 4,579,287
 Interest rate: 1.800%
 Service charge rate: 1.000%
 Term: 20 Years

Recipient: Los Angeles, County of
 Loan No.: C-06-4679-110
 Contract No.: 99807-550-0

Date	Disbursement/ Repayment No.	Beginning Balance	Draw Amount	Construction Period Interest (CPI)		Principal Paid/Due	Interest Paid/Due	Service Charge Paid/Due	Total Repayment	Ending Balance
				Amount Accrued	Amt. Trans. to Principal					
1-Jun-2020	Repayment 19	526,526.64			9,477.48	282,848.54	9,477.48	5,265.27	297,591.29	243,678.10
1-Jun-2021	Repayment 20	243,678.10			4,386.21	243,678.10	4,386.21	2,436.78	250,501.09	0.00
				Calculation Adjustment:						
				34,517.48	34,517.48	4,613,804.48	1,189,769.62	231,695.83	6,035,269.93	
Outstanding Disbursement Balance:				0.00						

The interest calculation adjustment shows any differences between our manual loan schedule used for prior billings and our new automated system. The amount of interest paid/due is the actual interest amount that has been recorded as paid for this loan.



COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100

HARRY W. STONE, Director

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

March 2, 2000

IN REPLY PLEASE
REFER TO FILE: P-3

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012-2756

34

MAR 07 2000

Violet Varona Lukens
VIOLET VARONA-LUKENS
EXECUTIVE OFFICER

Dear Supervisors:

**COUNTY IMPROVEMENT DISTRICT NO. 2658-M - SAN PASQUAL SEWERS
EAST PASADENA AREA OF LOS ANGELES COUNTY TERRITORY
STATE REVOLVING FUND LOAN AGREEMENT AND SUPPLEMENTAL AGREEMENT
FOR CONSULTANT SERVICES
SUPERVISORIAL DISTRICT 5
3 VOTES**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approved the enclosed State Revolving Fund (SRF) Loan Agreement with the State Water Resources Control Board (SWRCB).
2. Approve the enclosed Supplemental Agreement with Krieger & Stewart, Inc., in an amount of \$212,000 to provide construction management services.
3. Instruct the Chair to sign the agreements.

PURPOSE OF RECOMMENDED ACTIONS

The actions will secure a low interest loan for financing the construction and subsequent assessments for the San Pasqual Sewer Project, County Improvement District (CI) No. 2658-M; and provide for a supplemental consultant contract for consulting engineering services during construction of the project.

The Honorable Board of Supervisors
March 2, 2000
Page 2

JUSTIFICATION

On March 30, 1999, your Board approved a resolution requesting this Department to take all practical steps to secure a loan from SWRCB. The SRF loan will provide low interest financing for property owners who wish to finance their assessments.

On July 21, 1998, your Board approved an agreement with Krieger & Stewart, Inc., for the Phase I work on the project. On April 27, 1999, your Board authorized the Director of Public Works to approve a supplemental agreement with Krieger & Stewart, Inc., for Phase II involving the final design and advertisement of the project. Phase III work includes construction management services.

FISCAL IMPACT

The administration of the SRF loan will be funded by annual assessments levied on the property owners within the CI.

The consultant contract amount of \$212,000 will be funded from CI proceeds.

FINANCING

On April 27, 1999, your Board approved formation of the Assessment District County Improvement (CI) No. 2658-M for the construction of sanitary sewers in San Pasqual Street and other surrounding streets in an unincorporated area of east Pasadena for an estimated \$6,500,000. The consultant's contract will be encumbered in CI District No. 2658-M. Funds to finance the consultant's contract will be made available from the State loan and bond financing. Ultimately, the cost of the project will be recovered through assessments on the benefitted property owners. There will be no impact on net County cost.

The Honorable Board of Supervisor
March 2, 2000
Page 3

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The enclosed Agreements have been reviewed from a legal standpoint and approved as to form by County Counsel.

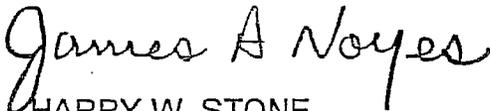
IMPACT OF CURRENT SERVICES (OR PROJECTS)

None.

CONCLUSION

Please return one adopted copy of this letter, four certified copies of the signed SRF Loan Agreement for transmittal to SWRCB, and two copies of the supplemental agreement for consultant services to the Department of Public Works. Upon full execution of the Loan Agreement by the SWRCB, one copy will be returned to the Executive Clerk of the Board of Supervisors.

Respectfully submitted,



HARRY W. STONE
Director of Public Works

RA:nr/dbm

B102

Enc. 2

cc: Chief Administrative Officer
County Counsel
Treasurer/Tax Collector

bc: Messrs. Stone, Blum, Noyes, Budget, Building and Safety, Construction, Fiscal, Programs Development, Personnel and Public Affairs, and Planning (Witler)

BOARD OF SUPERVISORS' CLAY

STATE REVOLVING FUND LOAN PROGRAM LOAN CONTRACT
BETWEEN THE
STATE WATER RESOURCES CONTROL BOARD
AND
LOS ANGELES COUNTY IMPROVEMENT
NO. 2658 - M (SAN PASQUAL)

CONTRACT NO. 99-807-550-0
LOAN NO. C-06-4679-110

This loan contract is made this 10th day of November, 1999, between the State of California, acting by and through the State Water Resources Control Board, hereafter referred to as the "SWRCB", Los Angeles County Improvement No. 2658 - M, (San Pasqual), a political subdivision of the State of California, hereafter referred to as the "Agency".

WHEREAS:

1. The federal Clean Water Act (33 U.S.C.A. §1251 et seq.) and state law (Division 7, Chapter 6.5, California Water Code) authorize the SWRCB to enter into contracts with municipalities and other public agencies for financial assistance for construction of publicly owned treatment works; and
2. The Agency has made application for a loan related to construction of the Project hereafter described, and said Project has been determined by the SWRCB to be eligible for a loan pursuant to applicable federal and state laws, rules, regulations and guidance; and
3. The SWRCB has authorized loan funding for the Project hereafter described. (See SWRCB Resolution No. 99-041, approved on May 20, 1999).

NOW, THEREFORE, It is Agreed as Follows:

SECTION 1. PROJECT DESCRIPTION.

The Project, commonly known as the Wastewater Collection System, generally consists of construction of about 28,000 linear feet of eight-inch, ten-inch, and twelve-inch diameter gravity sewage collection system with manholes and connections. The project also consist of capacity purchase in the County Sanitation Districts of Los Angeles County (CSDLAC) treatment system. The project will collect domestic wastewater from an unincorporated area of Los Angeles County bordered by the cities of Pasadena and San Marino. The wastewater will be conveyed to the CSDLAC Joint Outfall System where it will be transported to the CSDLAC Joint Water Pollution Control Plant in Carson for treatment and disposal, as more particularly described in the loan application of the Agency and the approved plans and specifications for the Project.

SECTION 2. INCORPORATION OF DOCUMENTS: ORDER OF PRECEDENCE: GENERAL AGENCY COMMITMENTS

This contract incorporates herein, or by reference, the documents listed below. In the event of any inconsistency in the contract documents, except as otherwise specifically provided, the inconsistency shall be resolved by giving precedence in the following order:

(1) the provisions of this loan contract document; (2) the Loan Contract Special Conditions (**Exhibit A**); (3) the Approval to Award letter (**Exhibit B**); (4) the Approved Plans and Specifications and Applicable Effluent Limitations (**Exhibit C**); (5) the Plans and Specifications Approval Letters (**Exhibit D**); (6) the Facilities Plan Approval Letter (**Exhibit E**); (7) the Preliminary Loan Repayment Schedule and any amendments thereto (**Exhibit F**); and (8) the Loan Contract Standard Conditions (**Exhibit G**).

The Agency accepts and agrees to comply with all terms, provisions, conditions, and commitments of this contract, including all incorporated documents, and to fulfill all assurances, declarations, representations, and commitments made by the Agency in its application, accompanying documents, and communications filed in support of its request for loan.

SECTION 3. ESTIMATED COST OF PROJECT.

The estimated reasonable cost of the Project at the time of Board Approval, including associated planning and design costs, is five million one hundred sixty thousand dollars (\$5,160,000) to the Agency.

SECTION 4. MAXIMUM LOAN AMOUNT.

Subject to all of the terms, provisions, and condition of this contract, and subject to the availability of state and federal funds, the SWRCB will loan a sum not to exceed four million five hundred seventy nine thousand two hundred eighty seven dollars (\$4,579,287) to the Agency. This amount is based on the "Approved" costs cited in the Approval to Award (ATA) letter from the SWRCB dated February 18, 2000.

SECTION 5. INTEREST RATE.

The loan interest rate for this contract and all amendments shall be 2.8 percent per annum. Interest on any loan funds disbursed to the Agency shall begin to accrue as of the date of each disbursement. This rate is based on the most recent sale of State General Obligation Bonds held on December 1, 1999, and is set when the loan contract is certified to the Agency.

SECTION 6. COMPLETION OF PROJECT

The Agency agrees to expeditiously proceed with and complete construction of the Project in substantial accordance with Project plans and specifications approved by the SWRCB.

SECTION 7. PROJECT CERTIFICATION.

One year after Project completion, the Agency shall certify to the SWRCB whether or not the Project, as of that date, meets applicable design specifications and effluent limitations. If the Agency cannot

certify that the Project meets such specifications and limitations at that time, the Agency will, at its own expense and in a timely manner, expeditiously make all needed corrections and perform all additional work necessary to allow affirmative certification for the Project.

Failure to submit an affirmative certification within 15 months, or a corrective action report that meets the above requirements and is satisfactory to the Division within 15 months, of the project completion date will result in an interest penalty of 0.1 percent per day being assessed on the outstanding loan balance due.

SECTION 8. DISBURSEMENT

Loan funds will be disbursed in accordance with the disbursement provisions of Exhibit G attached hereto.

SECTION 9. REPAYMENT OF LOAN

Loan funds shall be repaid in accordance with the provisions of Exhibit G, attached hereto, and as indicated in appropriate Loan Repayment Schedules in Exhibit F, also attached hereto.

SECTION 10. FEDERAL OR STATE ASSISTANCE.

If federal or state funding for project costs is made available to the Agency from sources other than the SRF loan, the Agency may retain such funding up to an amount which equals the Agency's local share of project costs. To the extent allowed by requirements of other funding sources, any funding received in excess of the Agency's local share, not to exceed the total amount of the SRF loan, shall be remitted to the SWRCB to be applied to the SRF loan balance.

SECTION 11. DEDICATED SOURCE OF REVENUE.

The Agency shall at all times maintain a dedicated source of revenue sufficient to provide reasonable assurance of repayment of this loan. The dedicated source of revenue shall comply with the requirements of the federal Clean Water Act and any applicable federal and state regulations and shall have received SWRCB approval.

SECTION 12. FUTURE LOCAL DEBT

All future debt incurred by the Agency shall be on parity with, or subordinate to, the SRF debt.

SECTION 13. FINANCIAL MANAGEMENT SYSTEM AND STANDARDS

The Agency agrees to comply with federal standards for financial management systems. The Agency agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit preparation of reports required by the federal government and tracing of loan funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this contract. To the extent applicable, the Agency agrees to be bound by and to comply with the provisions and requirements of the federal Single Audit Act of 1984 (Pub. L. 98-502) and Office of Management and Budget (OMB) Circular No. A-128.

SECTION 14. ACCOUNTING STANDARDS.

The Agency will maintain separate Project accounts in accordance with generally accepted government accounting standards including those contained in the "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" promulgated by the U.S. General Accounting Office.

SECTION 15. PROHIBITED CONTRACT.

The Agency agrees that it will preclude its contractors and subcontractors from contracting with any party which is debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, "Debarment and Suspension".

SECTION 16. COPYRIGHTS.

The Agency agrees that the U.S. Environmental Protection Agency shall have a royalty-free, nonexclusive and irrevocable license to reproduce, publish, otherwise use, and to authorize others to use, for federal government purposes: (a) The copyright in any work developed under this loan contract and (b) any rights of copyright which the Agency may purchase where costs of such purchase are reimbursed with loan funds.

SECTION 17. USER CHARGE SYSTEM

The Agency shall adopt, or cause to be adopted, and maintain, or cause to be maintained in effect a user charge system which at all times complies with the requirements of Section 204(b)(1) of the federal Clean Water Act and applicable federal and state rules, regulations and guidelines.

SECTION 18. OPERATION AND MAINTENANCE

The Agency agrees to properly staff, operate and maintain all portions of the Project during its useful life in accordance with all applicable state and federal laws, rules and regulations.

SECTION 19. USEFUL LIFE OF PROJECT

For purposes of this contract, the parties agree that the useful life of the Project is 20 years from and after Project completion.

SECTION 20. ASSIGNABILITY

To the extent permitted by federal and state laws, rules, and regulations, the SWRCB may, assign, grant a security interest in, or otherwise encumber this contract and any right, or rights hereunder, including any payment or payments to be received hereunder.

SECTION 21. STATE REVIEWS AND INDEMNIFICATION

The parties agree that review or approval of Project plans and specifications by the SWRCB is for administrative purposes only and does not relieve the Agency of its responsibility to properly plan, design, construct, operate, and maintain the Project. As between the SWRCB and the Agency, the Agency agrees that it has sole responsibility for proper planning, design, construction, operation, and

maintenance of the Project, and the Agency agrees to indemnify the SWRCB, the State of California and their officers, agents, and employees against and to hold the same free and harmless from any and all claims, demands, damages, losses, costs, expenses, or liability due or incident to planning, design, construction, operation, or maintenance of the Project.

SECTION 22. TERM

This contract shall take effect upon Department of General Services' approval of the contract, and the contract shall remain in effect for the useful life of the Project or until the date of final loan repayment, whichever period is longer, unless sooner terminated pursuant to the provisions hereof.

IN WITNESS THEREOF, the parties have executed this contract on the dates set forth below.

LOS ANGELES COUNTY IMPROVEMENT NO. 2658 - M (SAN PASOUAL)
AGENCY

ATTEST:
VIOLET VARONA-LUKENS
Executive Officer
of the Board of Supervisors
of the County of Los Angeles



By: *Gloria Molina*
Chair, Board of Supervisors

GLORIA MOLINA
Print Name

MAR 07 2000
Date

By: *Lynia J. Villalobos*
Deputy

APPROVED AS TO FORM:
LLOYD W. PELLMAN
County Counsel

I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.
VIOLET VARONA-LUKENS
Executive Officer
Clerk of the Board of Supervisors

By: *Francis E. Sutt*
Senior Deputy

By: *Lynia J. Villalobos*
Deputy

STATE OF CALIFORNIA
STATE WATER RESOURCES CONTROL BOARD

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES

By: *Paul Brown* Chief
Division of Administrative Services

Cap
J.B. Sutt
DEPT. OF GENERAL SERVICES

Dated: *4/17/00*

(Date Stamp)

EXHIBIT A

LOAN CONTRACT SPECIAL CONDITIONS

[X] Special condition as follows:

1. In order to ensure the protection of historic properties, the Los Angeles County Department Public Works (County) is required to avoid any ground disturbances beyond the existing rights-of-way, defined by the property lines on either side of the street.
2. The County agrees to the following hook-up schedule for the project service area in accordance with *County Improvement No. 2658-M (San Pasqual Sewer Project) Resolution for State Revolving Fund Loan for the Construction of Sanitary Sewers* adopted by the Board of Supervisors of the County of Los Angeles on March 30, 1999. In the event the schedule is not met, the County will cooperate with the Los Angeles Regional Water Quality Control Board to impose: (1) a Septic System Prohibition, (2) a Cleanup and Abatement Order for septic system overflows, (3) issuance of Waste Discharge Requirements or any other enforcement action necessary to achieve compliance with the schedule.
3. Fifty percent (50%) to be connected within two (2) years of the completion of construction of the proposed improvements.
4. Eighty percent (80%) to be connected within five (5) years of the completion of construction of the proposed improvements.
5. Ninety-five percent (95%) to be connected within eight (8) years of the completion of construction of the proposed improvements.

EXHIBIT B

APPROVAL TO AWARD LETTER

See Approval to Award letter dated February 18, 2000. This letter explains how the maximum loan amount, as described in Section 4, was determined.



State Water Resources Control Board

Winston H. Hickox
Secretary for
Environmental
Protection

Division of Clean Water Programs
2014 T Street • Sacramento, California 95814 • (916) 227-4400
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
FAX (916) 227-4349 • Internet Address: <http://www.swrcb.ca.gov>



FEB 18 2000

CERTIFIED MAIL NO. Z 444 482 495
Return Receipt Requested

Mr. Ronald L. Ornee
Assistant Director
Department of Public Works
County of Los Angeles
P.O. Box 1460
Alhambra, CA 91802-1460

Dear Mr. Ornee:

APPROVAL TO AWARD (ATA) - SAN PASQUAL SEWER PROJECT, COUNTY OF LOS ANGELES, STATE REVOLVING FUND (SRF) LOAN PROJECT NO. C-06-4679-110.

We have reviewed the ATA request package submitted with the SRF ATA Form 555-1 executed on February 10, 2000. The Planning and Design Section approves the ATA construction budget request as follows:

Grgo & Gordon Grbavac Construction Co., Inc.	\$3,085,525	\$3,062,125
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The Division of Clean Water Programs establishes the SRF ATA budget as follows:

A. Construction	\$3,062,125	\$3,062,125
B. Allowances	\$533,800	
1. Planning		\$96,352
2. Design		\$173,209
3. Construction		\$233,042
4. Administration		\$27,559
5. Prime Engineering		\$0
C. Buy In Cost	\$987,000	\$987,000
TOTAL	\$4,582,925	\$4,579,287

Please refer to the enclosed Form No. 259 for the construction eligibility calculations.

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11/18/00 California Environmental Protection Agency



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Mr. Ronald L. Ornee

- 2 -

Please provide this office with a written response within 30 days of the date of this letter stating your agreement or disagreement with this decision.

Send your response to:

Mr. Fred Johansen
Administration and Certification Section
State Water Resources Control Board
P.O. Box 944212
Sacramento, CA 94244-2120

If you have not contacted Mr. Johansen within 30 days, this letter will serve as our final decision.

DISBURSEMENT SCHEDULE

1. The binding loan commitment takes, approximately, three months to process following your agreement on the SRF ATA budget, and the completion of any other prerequisites.
2. Please remember that the disbursements for costs incurred prior to the binding loan commitment may be subject to the refinance rules in the SRF Policy.

CONSTRUCTION CONTRACT REQUIREMENTS

1. The enclosed Notice to Labor Unions or Other Organizations of Workers must be reproduced in the quantity desired, completed by the contractor, and distributed to all unions and organizations that might represent workers on the job.
2. Mail the following documents to Mr. Darrell Brunelli as soon as they become available:
 - A. One copy of the executed construction contract,
 - B. One copy of the form (see enclosed format) entitled Certification of Bond and Insurance Coverage, and
 - C. One copy of the Notice to Proceed.
3. Recipients of SRF loan assistance are required to report MBE/WBE utilization to the Division. Form MBE/WBE UR334 and the associated instructions for completing the UR 334 are enclosed.

When the preconstruction conference is scheduled, please notify Al Garbutt at (916) 227-4440, so we may participate.

California Environmental Protection Agency

Mr. Ronald L. Ornee

- 3 -

If you have any questions, please contact Mr. Ken Gonzales at (916) 227-4434.

Sincerely,

Mike Harper, Chief
Administration Unit

Enclosures

bc: Fred Johansen, DCWP
Dan Little, DCWP
Robert Been, DCWP
Al Garbutt, DCWP
Ame Mathies, DCWP
Eva Kawada, DCWP

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EXHIBIT C

Incorporated by reference are the following supporting documents:

APPLICABLE EFFLUENT LIMITATIONS

SEE WASTE DISCHARGE REQUIREMENTS ORDER NO. 97-090, AND NPDES PERMIT NO. CA0053813, ADOPTED BY THE CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD, LOS ANGELES REGION, ON JUNE 16, 1997.

APPROVED PLANS AND SPECIFICATIONS

Incorporated by reference are the Plans and Specifications approved by the Division on November 10, 1999, which are the basis for the construction contract to be awarded by the Los Angeles County Improvement No. 2658 - M (SAN PASQUAL) to the Grgo & Gordon Grbavac Construction Company Inc., following competitive advertising.

EXHIBIT D

PLANS AND SPECIFICATIONS APPROVAL LETTER

See the Plans and Specifications approval letter dated November 10, 1999, for the San Pasqual Sewer Project.



Winston H. Hickox
Secretary for
Environmental
Protection

State Water Resources Control Board

Division of Clean Water Programs

2014 T Street • Sacramento, California 95814 • (916) 227-4400
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
FAX (916) 227-4349 • Internet Address: <http://www.swrcb.ca.gov>



Gray Davis
Governor

C-06 4679-110
Module PF
Section B Tab 1
By R. Been Date 11/15/99

Mr. Harry W. Stone, Director
County of Los Angeles Department of Public Works
P.O. Box 1460
Alhambra, CA 91802-1460

Dear Mr. Stone:

FINAL PLANS AND SPECIFICATIONS (P&S) APPROVAL; COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS (COUNTY); SAN PASQUAL SEWER PROJECT; STATE REVOLVING FUND (SRF) LOAN NO. C-06-4679-110

Thank you for submitting the signed P&S Approval forms and the Project Performance Certification Standards for the County's San Pasqual Sewer Project. We hereby approve the Final P&S submitted November 5, 1999, and will initiate preparation of the loan contract for the subject project.

Prior to receiving the Division of Clean Water Programs' (Division) Approval-to-Award (ATA) the construction contract, the County must complete the following items:

During Advertisement of Construction Contract and Before the Opening of Bids:

- Submit two copies of the As-Advertised P&S (preferably half-size drawings) and all addenda. Clearly note the location, purpose, and estimated cost of any subsequent changes in the final P&S.
- Notify Mr. Lynn Johnson, Chief of our Construction Administration Unit, at (916) 227-4580 of the Pre-bid meetings in advance of the scheduled dates.
- Make the P&S available to bidders for at least 30 days before bid opening.
- Provide all addenda to all potential bidders ten working days prior to the bid opening date.
- Acquire the Division's written approval of the As-Advertised documents and addenda.

After bid opening

- After bid opening, you must assure that the selected bidder is not excluded (debarred) from participating on federally funded programs. You can determine if a contractor bidding on this project is among the list of debarred contractors by contacting Mr. Robert Been, your Design Reviewer, at (916) 227-4588.
- Within five working days after the final selection of the contractor, please submit a complete ATA Request package including: 1) A transmittal letter listing all items enclosed in the submittal, 2) a

Mr. Harry W. Stone

- 2 -

completed "SWRCB ATA" form (enclosed), and 3) all items listed in Section 6 of the form. This package should be sent to Mr. Mike Harper, Financial and Administration Unit Chief, at the following address:

Mr. Mike Harper
State Water Resources Control Board
Division of Clean Water Programs
2014 T Street, Suite 130
Sacramento, CA 95814

If the mailing cannot be made, please contact Mr. Harper immediately at (916) 227-4326.

Please note that the Final P&S Approval contained herein assumes that the County has obtained the necessary approval(s), permit(s), or exemption(s) from other regulatory agencies, especially where construction activities might affect public health or water quality. This approval does not supersede any Regional Water Quality Control Board or local health department orders or requirements.

If you have any questions regarding this letter or the enclosed P&S Approval forms, please contact Mr. Been at (916) 227-4588 or e-mail address to beenr@cwpswrcb.ca.gov.

Sincerely,

ORIGINAL SIGNED BY

Farouk T. Ismail, Ph.D., P.E.
Chief, Planning & Design Section

Enclosures

cc: Mr. Mark Messersmith, PE
Krieger & Stewart, Inc.
3602 University Avenue
Riverside, CA 92501

Mr. Reza Arshadnia, PE
County of Los Angeles
Department of Public Works

bcc: Nick Kontos, DCWP
Dan Little, DCWP

Howard Whitver, DCWP
Sandy Houck, DCWP

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California Environmental Protection Agency



**CLEAN WATER PROGRAMS
PLANS AND SPECIFICATIONS APPROVAL FORM**

Project No.:	C-06- 4679-110	Date Issued:	October 22, 1999
Applicant	County of Los Angeles Department of Public Works		
Address	PO Box 1460, Alhambra, CA 91802-1460		
Auth. Rep.	Mr. Harry W. Stone, Director	Engineer	Mr. Mark Messersmith, PE
Address	(same as above)	Address	Krieger & Stewart, Inc. 3602 University Avenue Riverside, CA 92501
Phone	(626) 458-4370	Phone	(909) 684-6900
Project Description	SAN PASQUAL SEWER PROJECT		

List the eligible items (identify by bid item and schedule):

The eligibility determinations and conditions of approval identified below are based on the review of the 90% Plans and Specifications and the detailed cost estimates provided by the Engineer received October 18, 1999, the project design report dated September 1998, and the Facilities Plan Approval letter dated March 25, 1999.

I. ELIGIBILITY DETERMINATION AGREEMENT

The eligibility determination for the bid items shown in the contract Bid Proposal of the specifications follows:

Bid Item No.	Description	Percent
1	Construction Schedule <i>See Condition #2</i>	0%
2	Partnering (\$5,000 allowance) <i>See Condition #2</i>	0%
3	Implementation of BMPs <i>See Condition #2</i>	0%
4	Storm Water Management Plan <i>See Condition #2</i>	0%
5	Restoration of Existing Improvements	100%
6	Restoration of Permanent Surfacing	100%
7	Class "A" Field Office	100%
8	Mobilization	100%
9	Shoring of Open Excavations	100%
10	8" Vitrified Clay Pipe (VCP)-Extra Strength (XS)-(Depth to Flowline Less than 10')	100%
11	8" VCP-XS (Depth to Flowline 10' to 15')	100%
12	8" VCP-XS (Depth to Flowline 15' and Greater)	100%

APPROVAL BY STATE		
Date 11/8/99	Signature <i>R. J. Been</i>	Name and Title Robert Been, Associate WRC Engineer

PLANS AND SPECIFICATIONS APPROVAL FORM			
Project No.	C-06-4679-110	Date Issued:	October 22, 1999
Applicant	COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS		

Item No.	Description	Percentage
13	12" VCP XS (Depth to Flowline 10' to 15')	100%
14	12" VCP XS (Depth to Flowline 15' and Greater)	100%
15	Sewer Manhole (Depth less than 10')	100%
16	Sewer Manhole (Depth 10' to 15')	100%
17	Sewer Manhole (Depth Greater than 15')	100%
18	4" Sewer Laterals VCP-XS	100%
19	6" Sewer Laterals VCP-XS	100%
20	6" Chimney VCP (Height 4' or less)	100%
21	6" Chimney VCP (Height 4' to 8')	100%
22	6" Chimney VCP (Height Greater than 8')	100%

II. CONDITIONS OF APPROVAL

Plans and Specifications for your project are approved with the following conditions:

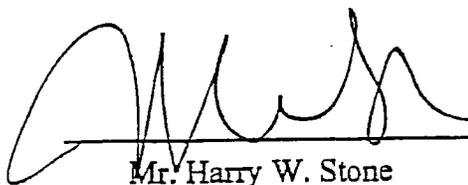
1. Necessary insurance directly related to the construction contract and extending throughout the period of the construction contract will be eligible for loan funding. This includes builder risk insurance, public liability insurance, fire, and project specific insurance. Earthquake insurance and "Act of God" insurance are ineligible for loan funding. Maintenance and subcontractor bonds are also ineligible.
2. Bid Items 1 through 4 are covered under the SRF allowances for administration of construction. These items are ineligible as separate bid items.
3. Approval of the P&S by the State Water Resources Control Board is conducted to determine eligibility and for administrative compliance with the SRF Policy. Issuance of the P&S Approval does not relieve the District and the design engineer of their legal liability for the adequacy of the design.

APPROVAL BY STATE		
Date 11/8/99	Signature <i>R. J. Been</i>	Name and Title Robert Been, Associate WRC Engineer

PLANS AND SPECIFICATIONS APPROVAL FORM			
Project No.	C-06-4679-110	Date Issued:	October 22, 1999
Applicant	COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS		

4. The award of the construction contract should be issued to the lowest responsible, responsive bidder. Please revise the Notice Inviting Bids and Instructions to Bidders accordingly.
5. The Construction Contract Requirements (CCR) must include the Escrow Agreement for Security Deposits in Lieu of Retention form (copy enclosed) as shown on page CCR-4 of the CCR, available at the following SWRCB web site:
<http://www.swrcb.ca.gov/html/fesfund.html> (Click on State Revolving Fund Construction Contract Requirements and Boilerplate--Revised April 27, 1999 to obtain a copy).
6. The P&S Approval does not become final until the applicant's authorized representative has signed and returned this form indicating agreement with the eligibility decisions and conditions contained herein along with a signed copy of the attached Project Performance Certification standards. Upon receipt of the signed agreement, the Division of Clean Water Programs will issue a separate letter for the Final P&S Approval.

I agree with the above eligibility determination agreement and the conditions of approval.



Mr. Harry W. Stone

Director

Authorized Representative

County of Los Angeles

Department of Public Works

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11/3/99

Date

APPROVAL BY STATE		
Date	Signature	Name and Title
11/8/99	R. J. Been	Robert Been, Associate WRC Engineer

**CLEAN WATER PROGRAMS
PROJECT PERFORMANCE CERTIFICATION STANDARDS**

I, Harry W. Stone, as the authorized representative for the County of Los Angeles Department of Public Works (County), San Pasqual Sewer Project (Project), hereby agree to the following performance standards, and to submit a Project Performance Certification Report (PPCR) including an evaluation of the information described below. The PPCR must be submitted to the Division of Clean Water Programs (Division) one year after initiation of operation to receive Certification of Performance under the State Revolving Fund (SRF) Loan Program.

Project Objectives

1. The Sewer Project must meet the intended Project goals and objectives, including design criteria. All components of the Project shall meet the material, workmanship, and performance standards identified in the contract plans and specifications and shall be operational at the time of project performance certification.
2. The County must ensure that the funded facilities will have a sufficient level of staffing to properly maintain the facilities for the estimated life of the Project.

Project Facility Performance Standards during Certification Period

3. All piping and manholes shall be tested in accordance with the test methods stated in the specifications. Any item having a leak rate exceeding the allowable limit stated in the specifications shall be repaired and retested for acceptance.
4. At least 25% and 80% of the affected parcels shall be connected to the Sewer Project within one and five years of Project completion, respectively.

Data Collected for Life of Project

5. The existing operation and maintenance tracking system must be updated to include a record of preventative and corrective maintenance tasks scheduled and performed. For the life of the project an operation and maintenance log should include the following items:
 - a) Preventive and corrective maintenance;
 - b) Any additional information required by the Regional Board;
 - c) Any wastewater overflows or leaks (include date, time, and estimated quantity); and
 - d) Record of odor checks or complaints.

Project No.	SRF Loan No. C-06-4679-110	Date Issued:	October 22, 1999
Applicant	Los Angeles Department Of Public Works.		

EXHIBIT E
FACILITIES PLAN APPROVAL LETTER

See the Facilities Plan Approval letter dated March 25, 1999.



State Water Resources Control Board



Gray Davis
Governor

Winston H. Hickox
Secretary for
Environmental
Protection

Division of Clean Water Programs

2014 T Street • Sacramento, California 95814 • (916) 227-4400
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
FAX (916) 227-4349 • Internet Address: <http://www.swrcb.ca.gov>

MAR 25 1999

CERTIFIED MAIL NO. Z 444 482 266

Return Receipt Requested

Mr. Harry W. Stone, Director
County of Los Angeles
Department of Public Works
P.O. Box 1460
Alhambra, CA 91802-1460

Dear Mr. Stone:

FACILITIES PLAN APPROVAL, COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS (COUNTY) SAN PASQUAL SEWER PROJECT, STATE REVOLVING FUND (SRF) PROJECT NO. C-06-4679-110

In accordance with the State Water Resources Control Board's (SWRCB) *Policy for Implementing The State Revolving Fund for Construction of Wastewater Treatment Facilities* (SRF Policy) dated February 1995 and amended on June 18, 1998, the Division of Clean Water Programs (Division) herewith approves the facilities plan for the subject project. This letter supersedes the Division's December 29, 1998, Facilities Plan Approval letter that was not accepted by the County. The changes from the December 29, 1998, letter include a revised project milestone schedule and hook-up schedule. Our approval is based on the following determinations:

1. Complete project report documentation including the "Los Angeles County Department of Public Works San Pasqual Sewer Project Report State Revolving Fund Project No. C-06-4679-110" dated September 1998 (Project Report), and other related documentation has been submitted and it complies with Section IX.A. of the Policy;
2. The environmental documentation meets all of the environmental review requirements and the Division's Environmental Services Unit approved the documents on December 15, 1998;
3. A draft revenue program was approved by the Division on December 2, 1998; and
4. The Los Angeles County Department of Public Works Waterworks Division is a signatory to the State Water Coalition's Memorandum of Understanding Regarding Urban Water Conservation in California.

PROJECT DESCRIPTION

The proposed project is described on Page 1 of the Project Report. The proposed sewer project will collect domestic wastewater from an unincorporated area of Los Angeles County, bordered by the cities of Pasadena and San Marino and convey it to the County Sanitation Districts of Los Angeles County (CSDLAC) Joint Outfall System where it will be transported to the CSDLAC Joint Water Pollution Control Plant in Carson for treatment and disposal.

Inns 2/10/99	Will March 19, 1999	California Environmental Protection Agency	mail
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Mr. Harry W. Stone

- 2 -

The Division has made the determination that the items listed below will be eligible for a SRF loan. The detailed project eligibility will be determined during the design review of the plans and specifications and will be consistent with this facilities plan approval letter. Where applicable, eligible capacity will be adjusted at the time of approval to award the construction contract to account for any changes in the estimated date for initiation of construction.

1. The following is eligible for SRF loan funding:
 - A. Construction of a gravity sewage collection system for the area shown in Figure 6 in the Project Report;
 - B. The capital improvement portion of the capacity purchase for buy-in to the CSDLAC treatment system based on the CSDLAC connection fee ordinance;
 - C. Necessary sheeting, shoring, and bracing;
 - D. Any special equipment necessary to maintain the facilities, including one set of the manufacturer's list of spare parts;
 - E. Necessary insurance related to the construction contract; and
 - F. Allowances for planning, design, construction, prime engineering, and administration (see Appendix I of the Policy).

2. The following items are not eligible for loans:
 - A. Construction contingencies;
 - B. Construction change orders and claims;
 - C. Sewer laterals on private property;
 - D. Operation and maintenance costs and extended warranties for equipment and earthquake insurance costs;
 - E. All other items not included in the construction contract except allowances; and
 - F. All items, and work associated with them, not in compliance with Section 3400 of the Public Contracts Code.

3. The eligible design parameters are:

Population	3,200
ADWF	225,300 GPD
PWWF	700,000 GPD

The eligible design capacity will provide a reserve capacity of 20 years from the date of initiation of construction.

MAR 25 1999

Mr. Harry W. Stone

- 3 -

The total project cost is estimated at \$6,229,100 based on Table A in the engineers estimate dated January 4, 1999. The estimated loan eligible construction cost is \$3,572,900. The total eligible project cost including Connection Fees, and engineering and administration allowances from Appendix I of the SRF Policy is estimated at \$5,161,020.

PROJECT MILESTONES

This approval is based on submittals according to the following schedule as provided in the County's March 2, 1999, letter:

Submit Financial Assistance Application	May 3, 1999
Submit final plans and specifications	August 15, 1999
Approve plans and specifications	September 30, 1999
Advertise for bids	October 31, 1999
Open bids	November 30, 1999
Approval to Award	December 31, 1999
Initiate construction	April 30, 2000
Submit final revenue plan	November 30, 2000
Complete construction	December 31, 2000
Initiate facilities operation	December 31, 2000
Performance certification	December 31, 2001

Special attention to the project milestones schedule is critical. Schedules must be compatible with requirements of any Regional Water Quality Control Board (RWQCB) enforcement actions related to the planned facilities. Approval of a schedule not compatible with RWQCB requirements does not relieve the applicant of its responsibility to achieve compliance with said requirements.

The following documentation is required for the Division to proceed with the loan contract process. Please note that, in addition to these items, the SWRCB must approve your project for preliminary loan commitment at a regularly scheduled meeting.

- An original or certified Resolution Designating an Authorized Representative,
- An enacted ordinance or resolution creating a Wastewater Capital Reserve Fund,
- An approved ordinance or resolution committing a dedicated source of funds to repay the loan, and

CONDITIONS OF APPROVAL

- 1) The County agrees to adopt a resolution, implementing a program to connect properties, and containing a hook-up schedule to connect residences to the new sewer collection system. The resolution must be adopted before the SWRCB can consider your project for a preliminary loan commitment. The County's connection schedule is:
 - a) Fifty percent of affected parcels within two years of project completion,



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- b) Eighty percent of affected parcels within five years of project completion, and
- c) Ninety-five percent of affected parcels within eight years of project completion.

This schedule will be reflected in the final revenue program and will be included as a condition in the SRF loan contract.

2. This letter constitutes a Final Staff Decision. We will only request that the SWRCB make a preliminary loan commitment for this project's SRF loan AFTER an agreement in writing on the eligibility decisions, schedule, and other conditions in this letter have been received from you. To expedite this process, please notify me immediately in writing if you agree with this letter as currently written, so I can start the process to procure the SWRCB approval for a SRF loan for your project.

If you are NOT in agreement, then you must request a Final Division Decision within thirty (30) days from the date of this letter. Your request should be specific on the items of disagreement, and suggest the exact changes with which you would be in agreement. Please send the request to:

Mr. Edward C. Anton, Chief
Division of Clean Water Programs
Box 944212
Sacramento, CA 94244-2120

Again, we MUST reach agreement in writing before your proposed project can be scheduled for SWRCB approval of a preliminary funding commitment.

Please contact Mr. Dan Little at (916) 227-4575 if you have any questions or comments regarding this letter.

Sincerely,

ORIGINAL SIGNED BY

Farouk T. Ismail, Ph.D., P.E.
Chief, Planning & Design Section

cc: Ms. Wendy Phillips, Engineering Geologist
Los Angeles Regional Water Quality Control Board
101 Centre Plaza Drive
Monterey Park, CA 91754-2156

Mr. Reza Arshadnia, Civil Engineer
County of Los Angeles
Department of Public Works

Mr. Jon C. Reynolds
Mr. Mark Messersmith
Krieger & Stewart, Inc.
3602 University Avenue
Riverside, CA 92501

California Environmental Protection Agency

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bcc: Farouk Ismail, DCWP
Howard Whitver, DCWP
Ame Mathies, DCWP
Diane Edwards, DCWP
Ilene Smith, DCWP

Sandy Houck, DCWP
Nick Kontos, DCWP
Lynn Johnson, DCWP
Ron Blair, DCWP

s:/plan_sec/planning/littled/sanpasq3.fpa/24 MAR 99/DAN/ANNE

EXHIBIT F

SRF LOAN REPAYMENT SCHEDULE

See the attached Preliminary Loan Repayment Schedule dated February 17, 2000. The actual Repayment Schedule will be forwarded to the Agency after all disbursements have been paid.

EXHIBIT "F"
STATE OF CALIFORNIA
STATE WATER RESOURCES CONTROL BOARD
STATE REVOLVING FUND LOAN PRELIMINARY REPAYMENT SCHEDULE

Recipient: LOS ANGELES COUNTY DEPARTMENT OF PUBLIC WORKS
 Loan No.: C-06-4679-110
 Contract No.: 99-907-650-0

Date: 17-Feb-00
 Loan Amount: \$4,579,287
 Interest Rate: 2.8%
 Term: 20 Years

Date	Disbursement/Repayment	No.	Amount	Period Interest	Compound Interest	Repayment	Interest	Principal	Balance Due	Comments
01-Mar-00	Disbursement*	1	\$530,000	\$13,701.59 *						
01-May-00	Disbursement*	2	400,000	8,469.04 *						
01-Jun-00	Disbursement*	3	1,337,000	25,128.27 *						
01-Jul-00	Disbursement*	5	310,000	5,112.88 *						
01-Aug-00	Disbursement*	6	310,000	4,375.67 *						
01-Sep-00	Disbursement*	7	310,000	3,638.47 *						
01-Oct-00	Disbursement*	8	310,000	2,925.04 *						
01-Nov-00	Disbursement*	9	310,000	2,187.04 *						
01-Dec-00	Disbursement*	10	310,000	1,474.41 *						
01-Jan-01	Disbursement*	11	310,000	737.21 *						
01-Feb-01	Disbursement*	12	142,287	0.00 *						
01-Feb-01	Balance due includes interest of \$87,750.42					\$130,117.05			\$4,647,037.42	
01-Feb-02	Balance due includes interest of \$197,867.47					\$130,117.05			4,777,154.47	
01-Feb-02	Repayment*	1				\$306,606.80	\$197,867.47	\$108,739.33	4,470,547.67	
01-Feb-03	Repayment*	2				306,606.80	125,175.33	181,431.47	4,289,116.20	
01-Feb-04	Repayment*	3				306,606.80	120,095.25	186,511.55	4,102,604.65	
01-Feb-05	Repayment*	4				306,606.80	114,872.93	191,733.87	3,910,870.78	
01-Feb-06	Repayment*	5				306,606.80	109,504.38	197,102.42	3,713,768.36	
01-Feb-07	Repayment*	6				306,606.80	103,985.51	202,621.29	3,511,147.07	
01-Feb-08	Repayment*	7				306,606.80	98,312.12	208,294.88	3,302,852.39	
01-Feb-09	Repayment*	8				306,606.80	92,479.87	214,126.93	3,088,725.46	
01-Feb-10	Repayment*	9				306,606.80	86,484.31	220,122.49	2,868,602.97	
01-Feb-11	Repayment*	10				306,606.80	80,320.88	226,285.92	2,642,317.05	
01-Feb-12	Repayment*	11				306,606.80	73,984.88	232,621.92	2,409,695.13	
01-Feb-13	Repayment*	12				306,606.80	67,471.46	239,135.34	2,170,559.79	
01-Feb-14	Repayment*	13				306,606.80	60,775.67	245,831.13	1,924,728.66	
01-Feb-15	Repayment*	14				306,606.80	53,892.40	252,714.40	1,672,014.26	
01-Feb-16	Repayment*	15				306,606.80	46,816.40	259,790.40	1,412,223.86	
01-Feb-17	Repayment*	16				306,606.80	39,542.27	267,064.53	1,145,159.33	
01-Feb-18	Repayment*	17				306,606.80	32,064.46	274,542.34	870,618.99	
01-Feb-19	Repayment*	18				306,606.80	24,377.28	282,229.52	588,387.47	
01-Feb-20	Repayment*	19				306,606.80	16,474.05	290,131.95	298,255.52	
01-Feb-21	Repayment*	20				306,606.80	8,351.28	298,255.52	0.00	
			\$4,579,287			\$6,132,136.00	\$1,552,849.00	\$4,579,287.00		

Projected disbursement, interest and repayment amounts are subject to recalculation based on actual disbursements.

EXHIBIT G

LOAN CONTRACT STANDARD CONDITIONS

ARTICLE 1. DEFINITIONS

- (A) "Allowance" means an amount based on a percentage of the accepted bid for an eligible project to help defray the planning, design, and construction engineering and administration costs of the Project.
- (B) "Authorized Representative" means the Mayor of a City, the Chairperson of the County Board of Supervisors, the Chairperson of the Board of Directors of the Agency, or another duly appointed representative. For all authorized representatives, a certified original copy of the authorizing resolution that designates the authorized representative, by title, must accompany any contract, the first payment request, and any other documents or requests required or allowed under this contract.
- (C) "Completion of construction" means the date, as determined by the Division after consultation with the Agency, that the work of building and erection of the Project is substantially complete.
- (D) "Dedicated source of revenue" means and includes assessment proceeds collected from the San Pasqual Assessment District, CI No. 2658-M, as dedicated by the Board of Supervisors of the County of Los Angeles on December 21, 1999.
- (E) "Force Account" means the use of the Agency's own employees or equipment for construction of the Project.
- (F) "Division" means the Division of Clean Water Programs of the SWRCB, or any other segment of the SWRCB authorized to administer the State Revolving Fund.
- (G) "Initiation of construction" means the date that notice to proceed with work is issued for the Project, or, if notice to proceed is not required, the date of commencement of building and erection of the Project.
- (H) "Official Representatives"
- (1) The SWRCB Loan Coordinator shall be the Division Chief of the Division of Clean Water Programs.
 - (2) The SWRCB Loan Coordinator shall be the SWRCB's representative for administration of the contract and shall have authority to make determinations and findings with respect to any controversy arising under or in connection with interpretation of the contract.
- (3) The Agency's Authorized Representative for the purposes of executing this contract and any amendments thereto shall be the **Chairman, Board of Supervisors, or his designee**. The Agency's Authorized Representative for the purpose of administering the contract and

executing disbursement requests, shall be given to the Director of Public Works, or his designee, and shall be as binding as if given to the Agency.

- (4) Either party may change its Official Representative upon written notice to the other party.
- (I) "Project completion" means the date, as determined by the Division after consultation with the Agency, that operation of the Project is initiated or is capable of being initiated, whichever comes first.
- (J) "Revenue Program" means a system of charges, fees, or other means of income production adopted by the Agency which provides for recovery of appropriate capital costs of the Project, generates adequate income to reasonably assure repayment of loan funds under this contract, generates adequate income to provide for reasonable operation and maintenance of the Project, and provides adequate income for reasonable future expansion and improvement of the Project.

ARTICLE 2. COMPLIANCE WITH LAW, REGULATIONS, ETC

- (A) The Agency agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations, and requirements. Without limitation of the foregoing, the Agency agrees that, to the extent applicable, the Agency will:
- (1) Comply with, the provisions of the adopted environmental mitigation measures described in the environmental documentation and in Loan Contract Special Condition No. 1 contained in Exhibit A to this contract, for the term of the loan contract;
 - (2) Comply with, the SWRCB's "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities", August 18, 1988 (amended September 20, 1990, January 21, 1993, February, 1995, January 18, 1996 and June 18, 1998);
 - (3) Comply with, and require its contractors and subcontractors on the Project to comply with federal and state minority and women-owned business enterprise (MBE/WBE) requirements.

ARTICLE 3. AWARD OF CONSTRUCTION CONTRACTS: NOTIFICATION OF AWARD AND INITIATION OF CONSTRUCTION.

- (A) The Agency agrees to award the prime construction contract within 180 days (six months) after issuance of the loan contract. An extension may be granted by the Division.
- (B) The Agency agrees to promptly notify the Division in writing both of the award of the prime construction contract for the Project and of initiation of construction of the Project. The Agency shall include with the notice of initiation of construction a statement as to the anticipated date of completion of construction of the Project.

ARTICLE 4. CONSTRUCTION ACTIVITIES; NOTIFICATIONS; PROTECTION OF ARCHEOLOGICAL AND HISTORICAL RESOURCES

(A) The Agency agrees to promptly notify the Division in writing of:

- (1) Any substantial change in scope of the Project. The Agency agrees that no substantial change in the scope of the Project will be undertaken until written notice of the proposed change has been provided to the Division and the Division has given written approval for such change;
- (2) Cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of 30 days or more;
- (3) Any circumstance, combination of circumstances, or condition, which is expected to or does delay completion of construction for a period of 90 days or more beyond the estimated date of completion of construction previously provided to the Division;
- (4) Discovery of any potential archeological or historical resource. Should a potential archeological or historical resource be discovered during construction of the Project, the Agency agrees that all work in the area of the find will cease until a qualified archeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Agency agrees to implement appropriate actions as directed by the Division; and
- (5) Completion of construction of the Project.

ARTICLE 5. PROJECT ACCESS.

(A) The Agency agrees to insure that the SWRCB, or any authorized representative thereof, will have suitable access to the Project site at all reasonable times during Project construction and thereafter for the useful life of the Project.

ARTICLE 6. MBE/WBE REPORTING

(A) The Agency agrees to report MBE/WBE utilization to the Division on the MBE/WBE Utilization Report, SWRCB Form MBE/WBE UR334. Reports must be submitted to the Division within ten (10) calendar days following the end of each fiscal year quarter until such time as the "Notice of Completion" is issued.

ARTICLE 7. PROJECT COMPLETION; INITIATION OF OPERATIONS.

(A) Upon completion of construction of the Project, the Agency agrees to expeditiously initiate Project operations. At the time of completion of construction, the Division, after consultation with the Agency, will establish a reasonable estimated Project completion date, and the Agency agrees to make all reasonable efforts to meet the date so established. Such date shall be binding upon the Agency unless modified in writing by the Division upon a showing of good cause by the Agency. Extension of the Project completion date by the Division shall not be unreasonably withheld.

ARTICLE 8. REVENUE PROGRAM.

- (A) The Agency agrees to prepare and provide an acceptable final Revenue Program to the Division at the time of 90 percent payout of loan funds. Further loan disbursements may be withheld until an acceptable final Revenue Program is submitted. The Agency further agrees to periodically review and modify the Revenue Program as necessary to assure reasonable adequacy of the Revenue Program. The final Revenue Program and all modifications thereof shall be consistent with applicable guidelines and shall be to the reasonable satisfaction of the Division. The Division may review the Agency's records to assure compliance with the approved Revenue Program at any time during the useful life of the Project.
- (B) The Agency agrees to establish, or cause to be established, and maintain, or cause to be maintained, a Wastewater Capital Reserve Fund (WCRF) for expansion, major repair, or replacement of the wastewater facilities and to maintain the WCRF for the term of the loan contract. The WCRF shall be maintained in compliance with the "Policy For Implementing The State Revolving Fund For Construction Of Wastewater Treatment Facilities" in effect at the time the loan contract is signed by the Authorized Representative of the Agency. The Agency agrees to submit a report on WCRF activities and status five (5) years after the date of the final revenue program approval by the Division. Updated WCRF reports will be submitted every five (5) years thereafter until the loan has been fully discharged. Thereafter, the WCRF will no longer be subject to the requirements of this contract or the above referenced policy. Certification by legal counsel of unused bonding capability for the wastewater enterprise may be used to offset required cash deposits to the WCRF.

ARTICLE 9. CONTINUOUS USE OF PROJECT: LEASE OR DISPOSAL OF PROJECT

- (A) The Agency agrees that it will not abandon, substantially discontinue use of, lease, or dispose of the Project or any significant part or portion thereof during the useful life of the Project without prior written approval of the Division. Such approval may be conditioned as determined to be appropriate by the Division, including a condition requiring repayment of all or any portion of all remaining loan funds covered by this contract together with accrued interest and any penalty assessments which may be due.

ARTICLE 10. REPORTS.

- (A) The Agency agrees to expeditiously provide, during construction of the Project and thereafter during the useful life of the Project, such reports, data, and information as may be reasonably required by the Division, including but not limited to material necessary or appropriate for evaluation of the State Revolving Fund (SRF) Loan Program or to fulfill any reporting requirements of the federal government.

ARTICLE 11. LOAN DISBURSEMENTS: AVAILABILITY OF FUNDS

- (A) Except as may be otherwise provided in this contract, loan amounts will be disbursed as follows:
- (1) Upon execution and return of this loan contract, the Agency may request immediate disbursement of any planning and design allowance included in the loan amount through submission of Disbursement Request Form 260, or any amendment thereto,

duly completed and executed. The planning and design allowance amount due up to the allowance, will be disbursed promptly upon request after approval of this contract by the State Department of General Services;

- (2) Additional loan funds will be promptly disbursed to the Agency on account of disbursement costs incurred by the Agency upon receipt of Disbursement Request Form 260, or any amendment thereto, duly completed and executed. Pursuant to 40 CFR 35.3160(b), loan funds for refinanced project costs (costs other than allowances incurred prior to the execution of the loan contract) or purchase of local debt must be disbursed at a rate no greater than equal amounts spread over the minimum number of quarters required by 40 CFR 35.3155(c).

Disbursement shall not be made more frequently than one a month. The Agency agrees that it will not request disbursement for any Project cost until such cost has been incurred and is due and payable to Project contractors, although it is agreed that actual disbursement of such cost by the Agency is not required as a condition of disbursement request. If required by the Division, the Agency agrees to provide a certification with each disbursement request that costs shown in the disbursement request have been incurred and are due and payable at the time of the request and that the funds received will all be paid to the contractors and vendors within thirty (30) days from receipt of the funds; and

- (3) Notwithstanding any other provision of this contract, no disbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, rules, or regulations.

- (B) The SWRCB's obligation to disburse any sum to the Agency under any provision of this contract is contingent upon the availability of sufficient funds to permit the disbursements provided for herein. In the event that sufficient funds do not become available for reasons beyond the reasonable control of the SWRCB, such as failure of the federal or state government to appropriate funds necessary for disbursement of loan amounts, the SWRCB shall not be obligated to make any disbursements to the Agency under this contract. This provision shall be construed as a condition precedent to the obligation of the SWRCB to any disbursements under this contract. Nothing in this contract shall be construed to provide the Agency with a right of priority for disbursement over any other agency. If any disbursements which are otherwise due to the Agency under this contract are deferred because of unavailability of sufficient funds, such disbursements will promptly be made to the Agency when sufficient funds do become available.

ARTICLE 12. WITHHOLDING OF LOAN DISBURSEMENTS

- (A) The Division may withhold all or any portion of the loan funds provided for by this contract in the event that:
- (1) The Agency has materially violated, or threatens to materially violate, any term, provision, condition, or commitment of this contract;
 - (2) The Agency fails to maintain reasonable progress toward completion of the Project; or

- (3) An acceptable Revenue Program is not submitted at the time of 90 percent payout of loan funds.

ARTICLE 13. RECORDS

- (A) Without limitation of the requirement to maintain Project accounts in accordance with generally accepted government accounting standards, the Agency agrees to:
 - (1) Establish an official file for the Project which shall adequately document all significant actions relative to the Project;
 - (2) Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Project, including all loan funds received under this contract;
 - (3) Establish separate accounts which will adequately depict all income received which is attributable to the Project, specifically including any income attributable to loan funds disbursed under this contract;
 - (4) Establish an accounting system which will accurately depict final total costs of the Project, including both direct and indirect costs;
 - (5) Establish such accounts and maintain such records as may be necessary for the state to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations; and
 - (6) If Force Account is used by the Agency for any phase of the Project, other than for planning, design and construction engineering, and administration provided for by allowance, accounts will be established which reasonably document all employee hours charged to the Project and the associated tasks performed by each employee. Indirect force account costs may be paid with prior written approval by the Division of the Agency's indirect cost proposal.
- (B) The Agency agrees to require Project contractors and subcontractors to maintain books, records, and other material relative to the Project in accordance with generally accepted accounting standards, and to require such contractors and subcontractors to retain such books, records, and other material for a minimum of three years after Project completion. The Agency further agrees to require that such books, records, and other material shall be subject at all reasonable times to inspection, copying, and audit by the SWRCB and by the U.S. Environmental Protection Agency, or any authorized representatives thereof.
- (C) The Agency agrees to retain its Project records for a minimum of three years after Project completion, and for such longer period as may be required for the state to fulfill federal reporting requirements under federal tax statutes and regulations. All Agency records relative to the Project shall be subject at all reasonable times to inspection, copying and audit by the SWRCB and the U.S. Environmental Protection Agency, or any authorized representatives thereof.

ARTICLE 14. FINAL PROJECT REPORTS: AUDIT

- (A) Within 90 days after Project completion, the Agency agrees to submit to the Division a final Project summary report which briefly describes the Project as completed, its features, estimated capacity, and apparent treatment capability. The report shall note any unusual operational problems that have been encountered and shall indicate whether the Agency expects to be able to certify that the Project meets applicable design specifications and effluent limitations one year after Project completion.
- (B) Within 120 days after Project completion, the Agency agrees to provide to the Division a final cost summary report on the Project. The summary shall include at a minimum, a statement of:
- (1) Total Project costs;
 - (2) Total Project costs which are eligible for loan funding under the SWRCB's loan program and this contract;
 - (3) The total amount of loan funds received;
 - (4) The amount of interest earned, if any, on loan funds before disbursement on account of incurred Project costs. If no interest has been earned, this fact shall be expressly stated.
 - (5) The report shall be accompanied by such other financial information as may be reasonably required by the Division to verify Agency entitlement to loan funds, to assure program integrity of the State Revolving Fund Loan Program, and to comply with any federal requirements. The report shall be certified as correct by a duly authorized representative of the Agency.
- (C) The Division, at its option, may call for an audit of financial information relative to the Project, where the Division determines that an audit is desirable to assure program integrity or where such an audit becomes necessary because of federal requirements. Where such an audit is called for, the audit shall be performed by a Certified Public Accountant independent of the Agency and at the cost of the Agency. The audit shall be in the form required by the Division.

ARTICLE 15. REPAYMENT: PENALTIES: AGENCY OBLIGATION

- (A) The loan amount, together with all interest accruing thereon, shall be repaid in full not later than 20 years after the completion of construction. Repayment shall be made in 20 annual installments, with the first repayment due one year after the completion of construction, with annual repayment installments due thereafter until the loan amount and all accrued interest has been paid in full.

The repayment amount is based on a standard fully amortized loan with equal annual repayments. The remaining balance is the previous balance, plus the disbursements, plus the accrued interest on both, less the repayment. Repayment calculations will be made beginning one year after completion of construction and continuing each year thereafter for 20 years. Exhibit F is a preliminary

repayment schedule based on the provisions of this article and an estimated disbursement schedule. The actual repayments will be based on actual disbursements.

- (B) Upon completion of construction of the Project and submission and necessary reports, the Division will prepare an appropriate Loan Repayment Schedule and supply the same to the Agency. The Loan Repayment Schedule may be amended as necessary to accurately reflect amounts due under this contract. Any amended Loan Repayment Schedule which is necessary will be prepared by the Division and furnished to the Agency.
- (C) The Agency agrees to make each loan repayment on or before the due date therefor, a ten-day grace period will be allowed. A penalty in the amount of one-tenth of one percent (0.1%) of the amount due will be due for each day of nonpayment. For purposes of penalty assessment, repayment will be deemed to have been made if repayment is deposited in the U.S. Mail within the grace period with postage prepaid and properly addressed. Any penalties assessed will not be added to the loan balance, but will be treated as a separate account and obligation of the Agency. The interest penalty will be assessed from the repayment due date.
- (D) The Agency is obligated to make all payments required by this contract to the SWRCB from the dedicated source of revenue, notwithstanding any individual default by its constituents or others in the payment to the Agency of taxes, assessments, tolls, or other charges fixed and prescribed by the Agency for collection of the dedicated source for repayment of this contract. Subject to the foregoing limitation on source of payment, the Agency shall provide for the punctual payment to the SWRCB of all amounts which become due under this contract and which are received from constituents or others in the payment to the Agency from dedicated source. In the event of failure, neglect or refusal of any officer of the Agency to fix, prescribe and collect, or cause to be fixed, prescribed and collected any taxes, assessments, tolls, or other charges necessary to ensure that the dedicated source for repayment is sufficient to pay the amount due under this contract, including any additional amount required under Section 11 of this contract or to pay over to the SWRCB any funds collected for the dedicated source necessary to satisfy any amount due under this contract, the SWRCB may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the fixing, prescribing and collecting of such taxes, assessments, tolls, or other charges and the payment of such funds to the SWRCB. Action taken pursuant hereto shall not deprive the SWRCB of, or limit the application of, any other remedy provided by law or by this contract.

ARTICLE 16. TERMINATION; IMMEDIATE REPAYMENT; INTEREST

- (A) This contract may be terminated by written notice during construction of the Project, or thereafter at any time prior to complete repayment by the Agency, at the option of the SWRCB, upon violation by the Agency of any material provision of this loan contract after such violation has been called to the attention of the Agency and after failure of the Agency to bring itself into compliance with the provisions of this contract within a reasonable time as established by the Division.
- (B) In the event of such termination, the Agency agrees, upon demand, to immediately repay to the SWRCB solely from the dedicated source of revenue, an amount equal to the current balance due on the loan, including accrued interest, and all penalty assessments due. In the event of termination, interest shall accrue on all amounts due at the highest legal rate of interest from the date that notice of termination is mailed to the Agency to the date of full repayment by the Agency.

ARTICLE 17. DAMAGES FOR BREACH AFFECTING TAX EXEMPT STATUS

- (A) In the event that any breach of any of the provisions of this contract by the Agency shall result in the loss of tax exempt status for any state bonds, or if such breach shall result in an obligation on the part of the state to reimburse the federal government by reason of any arbitrage profits, the Agency shall immediately reimburse the state in an amount equal to any damages paid by or loss incurred by the state due to such breach.

ARTICLE 18. DISPUTES

- (A) Any dispute arising under this contract which is not otherwise disposed of by agreement shall be decided by the Division Chief, or his authorized representative. The decision shall be reduced to writing and a copy thereof furnished to the Agency and to the SWRCB's Executive Director. The decision of the Division shall be final and conclusive unless, within thirty (30) calendar days after mailing of the Division decision to the Agency, the Agency mails or otherwise furnishes a written appeal of the decision to the SWRCB's Executive Director. The decision of the SWRCB's Executive Director shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal under this clause, the Agency shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Agency shall continue to fulfill and comply with all the terms, provisions, commitments, and requirements of this loan contract.
- (B) This clause does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the SWRCB, or any official or representative thereof, or any question on law.

**ARTICLE 19. STATE WATER RESOURCES CONTROL BOARD ACTION:
COSTS AND ATTORNEY FEES**

- (A) The Agency agrees that any remedy provided in this contract is in addition to and not in derogation of any other legal or equitable remedy available to the SWRCB as a result of breach of this contract by the Agency, whether such breach occurs before or after completion of the Project, and exercise of any remedy provided by this contract by the SWRCB shall not preclude the SWRCB from pursuing any legal remedy or right which would otherwise be available. In the event of litigation between the parties hereto arising from this contract, it is agreed that the prevailing party shall be entitled to such reasonable costs and/or attorney fees as may be ordered by the court entertaining such litigation.

ARTICLE 20. WAIVER

- (A) The parties hereto may, from time to time, waive any rights under this contract unless such waiver is contrary to law, provided that any such waiver must be in writing and must be signed by the party making such waiver.

ARTICLE 21. DRUG-FREE WORKPLACE CERTIFICATION

- (A) By signing this Agreement, the Agency hereby certifies under penalty or perjury under state laws, that the Agency will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:
- (1) Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
 - (2) Establish a Drug-Free Awareness Program to inform employees about:
 - a. the dangers of drug abuse in the workplace;
 - b. the person's or Agency's policy of maintaining a drug-free workplace;
 - c. any available counseling, rehabilitation and employee assistance programs; and,
 - d. penalties that may be imposed upon employees for drug abuse violations.
 - (3) Provide that every employee who works on the proposed Agreement will:
 - a. receive a copy of the Agency's drug-free policy statement; and,
 - b. agree to abide by the terms of the Agency's statement as a condition of employment on the Agreement.
- (B) Failure to comply with these requirements may result in suspension of payments under the contract or termination of the Agreement or both and the Agency may be ineligible for award of any future state Agreements if the department determines that any of the following has occurred: (1) the Agency or grantee has made false certification, or (2) violated the certification by failing to carry out the requirements as noted above.

ARTICLE 22. PREVAILING WAGES

- (A) The Agency agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. The Agency shall monitor all contracts subject to reimbursement from this loan contract to assure that the prevailing wage provisions of State Labor Code Section 1771 are being met.

ARTICLE 23. NONDISCRIMINATION CLAUSE

- (A) During the performance of this agreement, the Agency and its subcontractors shall not unlawfully discriminate, harass or allow harassment against any employee or applicant for employment because of sex, color, ancestry, religious creed, national origin, physical disability, (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. The Agency and its subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. The Agency and its subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.) and the applicable regulations promulgated thereunder (California Administrative Code, Title 2, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990(a-f),

set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this contract by reference and made a part hereof as if set forth in full. The Agency and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

- (B) The Agency shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.
- (C) By signing this agreement, the Agency hereby certifies, unless specifically exempted, compliance with Government Code Section 12990(a-f) and California Code of Regulations, Title 2, Division 4, Chapter 5 in matters relating to reporting requirements and the development, implementation and maintenance of a Nondiscrimination Program. The Agency agrees not to unlawfully discriminate, harass or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave.
- (D) By executing this agreement, the signer of this agreement on behalf of Agency swears under penalty of perjury under the laws of the State of California that he/she is duly authorized to legally bind the Agency to the above-described certification.

ARTICLE 24. AMENDMENT

- (A) This contract may be amended at any time by mutual written agreement of the parties.